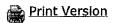


The United States Attorney's Office

Southern District of Texas

News Release



June 27, 2007

HOUSTON ATTORNEY AND FORMER EMPLOYEES OF "THE HARTFORD" INDICTED IN MULTI-MILLION DOLLAR BRIBE AND KICKBACK SCHEME

HOUSTON, TX – A federal grand jury has charged a Houston attorney and two former employees of The Hartford Insurance Company with conspiracy, mail and wire fraud and the laundering of millions of dollars allegedly paid by the attorney in bribes and kickbacks to the former insurance company employees to recommend the settlement of silica-related disease claims and suits filed against The Hartford Insurance Company's insured, United States Attorney Don DeGabrielle announced today.

The 14 count indictment returned under seal in Houston on Monday, June 25, 2007, was unsealed today following the arrest of all three defendants. **Warren Todd Hoeffner**, 42, a Houston attorney, was arrested this morning at his Houston area home. He appeared before U. S. Magistrate Judge Frances Stacy this morning for arraignment and was ordered release on bond with the conditions that he deposit \$100,000 of a \$250,000 bond into the registry of the court and surrender his passport. Trial has been set for September 4, 2007 before U. S. District Judge David Hittner.

Rachel Rossow 41, of Redding, Connecticut, and John Prestage 36, of Newington, Connecticut, both former employees of The Hartford Insurance Company ("The Hartford") were arrested this morning in Connecticut. Prestage has appeared in federal court in Connecticut and been ordered released on a \$250,000 personal recognizance bond. Rossow is expected to appear in federal court in Bridgeport, Connecticut this afternoon. The arraignment of these two defendants in Houston is expected to occur in the near future.

All three defendants are charged in all fourteen counts of the indictment which accuse them of conspiracy, mail fraud, wire fraud, conspiracy to commit money laundering and money laundering.

"There is a presumption of regularity and legality in the business of insurance litigation, which when corrupted, damages our confidence in the integrity of the system," said U. S. Attorney DeGabrielle. "These allegations will be addressed by today's indictment and if proven, represent a serious affront to the lawfulness we expect during the settlement of insurance claims."

According to the allegations in the indictment, between February 2002 and November 2004, Warren Todd Hoeffner, the general partner of Hoeffner & Bilek law firm, located in Houston, Texas, bribed and paid kickbacks in litigation settlement funds to Rachel Rossow and John Prestage, then employees of The Hartford insurance company located in Hartford, Connecticut for recommending to The Hartford that it settle the claims of Hoeffner's clients against The Hartford and its insureds.



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Hoeffner represented clients who brought claims and civil actions against The Hartford and other insurance companies claiming damages for silica-related diseases. Rossow and Prestage, according to the indictment, were employed as supervisor and subordinate, respectively, in the Claims and Legal Management Services department assigned to handle the claims and civil actions filed against companies insured by The Hartford referred to as "accounts". As the "claim handlers" Rossow and Prestage were responsible for the management and settlement of the claims filed against their accounts and recommending to The Hartford appropriate and cost effective amounts to settle claims.

In a series of allegations, the grand jury charges that all three of the defendants induced The Hartford to pay more than \$34 million in Settlement Funds knowing that more than \$3 million of those funds would instead be funneled by and through Hoeffner to pay bribes and kickbacks to Rossow and Prestage. Rossow allegedly received approximately \$2,681,873 in bribes and kickbacks. Prestage allegedly received approximately \$764,476 in bribes and kickbacks. Additionally, Hoeffner received approximately \$5,366,839 in attorney's fees paid out of the settlement funds.

Conspiracy to commit wire fraud and mail fraud carries a maximum punishment of five years of imprisonment, without parole, upon conviction. Each count of the four counts of wire fraud and two counts of mail fraud carries a maximum penalty of 20 years imprisonment, upon conviction. All seven of these counts also carry a maximum fine of \$250,000 fine. The charge of conspiracy to commit money laundering carries a maximum penalty of 20 years imprisonment and a fine of \$500,000 or twice the amount of the financial transactions. The maximum sentence for each of the six Monetary Transactions with Criminally Derived Property charges is 10 years and carries a maximum fine of \$250,000 or twice the amount of the criminal derived property involved.

The indictment also seeks to forfeit the interest of each of the three defendants in the proceeds of the alleged scheme which includes a total of approximately \$8,813,190 in cash, and two automobiles registered to Rossow and Prestage, which the indictment alleges were paid for by Hoeffner as part of the scheme to defraud The Hartford.

The investigation leading to the charges in this cases was conducted by special agents of the Houston and San Antonio offices of the Internal Revenue Service Criminal Investigation upon referral from and with the cooperation of The Hartford. The case is being prosecuted by Assistant United States Attorneys John Braddock and Quincy L. Ollison.

An indictment is a formal accusation of criminal conduct, not evidence. A defendant is presumed innocent unless and until convicted through due process of law.

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